

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3041-01
BILL NO.: HB 1326 with SCA 1 and SCA 2
SUBJECT: Public Service Commission; Utilities
TYPE: Original
DATE: May 4, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 3 pages.

FISCAL ANALYSIS

MLW:LR:OD:005 (9-94)

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ASSUMPTION

Officials from the **Department of Economic Development - Public Service Commission (PSC)**, **Department of Economic Development - Office of Public Counsel (OPC)** and the **Department of Natural Resources (DNR)** assume the proposed legislation would have no fiscal impact on their agencies.

Oversight assumes if a municipality is found to be in violation, a penalty would result and there would be a fiscal impact to the extent of the penalty amount cited in the proposed legislation.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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0	0	0
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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0	0	0
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FISCAL IMPACT - Small Business

Small businesses could have a direct fiscal impact as a result of this proposal to the extent that the small utility/business would be subject to increased maximum penalty amounts for each violation (\$10,000 instead of \$2,000). Also, the component of the proposal allowing gas or electric corporations to recover relocation costs related to accommodation of construction or improvement of a highway, road, street, public way or other public work by or on behalf of those having the power of eminent domain could have a direct fiscal impact on small businesses.

DESCRIPTION

The proposed legislation would revise certain penalties for violations by regulated utilities. The state penalty for violations of the federal Natural Gas Pipeline Safety Act of 1986 would be increased to match the federal penalty whenever so required by federal law. The maximum federal penalty for violations of such safety standards is a fine of up to \$10,000 per violation,

DESCRIPTION (continued)

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limited to \$500,000 per related series of violations. The proposal would identify, as among the entities covered by this particular statute, municipalities owning gas plants.

This proposal would allow a gas corporation or electric corporation to recover relocation costs when necessary to accommodate construction or improvement of a highway, road, street, public way or other public work by or on behalf of those who have the power of eminent domain.

This legislation is federally mandated to the extent that Sections 60105 and 60122 of the Natural Gas Pipeline Safety Act of 1968 as amended (49 U.S.C., Section 60101 et.Seq.) mandate that the maximum penalty for violations of federal pipeline safety rules must be \$25,000. However, the United States Department of Transportation currently requires states participating in the Pipeline Safety Grant Aid Program to have a \$10,000 minimum penalty for violations.

This legislation would not duplicate any other program and would not require additional capital improvements or rental space.

This proposal would not affect Total State Revenues.

SOURCES OF INFORMATION

Department of Economic Development - Public Service Commission
Department of Economic Development - Office of Public Counsel
Department of Natural Resources



Jeanne Jarrett, CPA
Director
May 4, 2000